

HOUSE BILL ANALYSIS

HB 2773

Title: An act relating to net metering for certain renewable energy systems.

Brief Description: Requiring electric utilities to provide net metering systems to their customer-generators.

Sponsors: Representatives Poulsen, Crouse, Morris, Cooper and Constantine.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Meeting Date: January 27, 1998

Bill Analysis Prepared by: Margaret Allen (786-7110)

Background: Net metering— allows electricity customers to offset (over a predetermined time period) their consumption of purchased electricity with electricity generated by their own small-scale renewable system, without considering when the

electricity is consumed or generated. Under net metering, the customer's small renewable energy system is connected to the utility grid, and electricity produced by the customer's system flows into the utility grid, spinning a bi-directional electricity meter backwards.

The meter measures the difference between the electricity supplied by the electric utility, and the electricity generated by the customer that is fed back to the electric utility, over the applicable billing period. At the end of the billing period, the customer may owe the utility for the excess electricity consumed, or may receive a credit for the excess electricity generated.

Most meters currently deployed reportedly are bi-directional. Standard bi-directional meters spin forwards to measure a customer's consumption of electricity and backwards to measure the amount of electricity produced by the customer's own system, and do not reveal the total amounts of electricity supplied by the utility and generated by the customer's system.

As part of the Public Utility Regulatory Policies Act of 1978, Congress required utilities to purchase excess power generated by non-utilities using qualifying small power production facilities. One of the criteria to qualify was that at least 75 percent of the energy used by the facility must be from renewable resources, geothermal resources, biomass, waste, or any combination of those fuel sources. The utilities were to purchase the electricity at their avoided cost— of having to acquire other resources.

The National Electrical Code contains standards for small scale renewable energy systems sited on customer premises, and the interconnection of those systems to the power grid. The Institute of Electrical and Electronic Engineers and Underwriters Laboratories also have established such standards. Small generating systems that do not operate in parallel with (that is, are not synchronized with) the utility grid pose significant safety risks, and jeopardize the reliability and quality of the electrical system.

Over time, the Legislature has made findings and enacted a variety of policies encouraging the development and use of renewable resources. For example, in 1975, the Legislature found that it was the continuing purpose of state government, consistent with other essential considerations of state policy, to foster wise and efficient energy use and to promote energy self-sufficiency through the use of indigenous and renewable energy sources, consistent with the promotion of reliable energy sources,— Also, in 1981, the Legislature enacted a state policy of encouraging the development and use of a diverse array of energy resources with emphasis on renewable energy resources.—

Summary of Bill: The Legislature finds it is in the public interest to: (1) Encourage private investment in renewable energy resources; (2) stimulate the economic growth of this state; and (3) enhance the continued diversification of the energy resources used in this state.

All electric utilities serving retail customers must offer to make a bi-directional meter available to each eligible customer who has installed a net metering system.

Eligible– is undefined. Net metering system– is defined as a facility for the production of electrical energy that: (1) Uses solar, wind, or hydro power; (2) has a generating capacity of not more than 25 kilowatts; (3) is located on the customer’s premises; (4) operates in parallel with the electric utility’s transmission and distribution facilities; and (5) is intended primarily to offset part or all of the customer’s requirements for electricity.

In addition, a utility may, at its own expense and with the customer’s written consent, install one or more additional meters to monitor the flow of electricity in each direction.

A utility may not charge a customer-generator any fee that would increase the customer’s minimum monthly charge above that of other customers in the same rate class.

The electric utility must measure the net electricity produced or consumed during the billing period using normal metering practices. If the electricity supplied by the electric utility exceeds the amount generated by the customer, the customer will be billed for the net electricity supplied by the utility. If the electricity generated by the customer exceeds the electricity supplied by the utility, the customer will be billed for other charges ordinarily on the bills of customers of the same class, and will be credited for the excess electricity on the customer’s bill for the following month.

At the beginning of each calendar year, any remaining unused credit accumulated during the previous year will be sold to the utility at the wholesale power rate.

A net metering system must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories. In addition, the Washington Utilities and Transportation Commission may adopt rules imposing additional control and testing requirements for electricity customers with net metering systems, if the Commission determines such requirements are necessary to protect the public and system reliability.

Appropriation: None.

Fiscal Note: None.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.